

FTB Website gets new look

When you log on to our website at www.ftb.ca.gov you will find a new look for our homepage and easier navigation.

With over 30 million visitors to our website each year, we are committed to increasing the usability of our online services and ensuring the relevance of the information we are providing you and your clients.

Towards that goal, we recently conducted a series of web usability tests

for individual taxpayers, tax professionals, and businesses.

Based on this customer input, we have redesigned our homepage to provide specific gateways for tax professionals, businesses, and individual taxpayers.

These gateways allow users to access the information and service most relevant to their needs. Check it out and let us know what you think by sending an email to website_feedback@ftb.ca.gov.

New guideline for general, durable, handwritten power of attorney forms

When submitting a general, durable or handwritten power of attorney, please fill out the form FTB 3520 (*Power of Attorney*) using the information from the original power of attorney and attach the FTB 3520 (or an acceptable alternative) to the power of attorney signed by the taxpayer. If you do not include form FTB 3520, we cannot process your submission and we'll have to return it to you

We're turning away power of attorney requests due to requesters not providing enough information. Attaching a completed form FTB 3520 to your request will ensure that it is available for use as quickly as possible.

Include the 540 authorization notation on your IRS form 2848 and 8821

For your convenience we accept Internal Revenue Service power of attorney forms, specifically forms IRS 2848 and 8821. However, when

submitting these forms you must state *specifically* which Franchise Tax Board forms, e.g. form FTB 540, that you're requesting authorization for. Without that specific authorization, we cannot process your request.

The easiest way to give authorization is to simply write 540 (or 100S, 565, etc.) on either IRS form, under *Section 3, Tax Matters*, in the *Tax Form number* box.

Joint form now available

A new joint agency power of attorney form is now available. This new, easy to use form, form BOE-392, will be accepted by the Board of Equalization, Employment Development Department, and us.

The new joint power of attorney form is available on BOE's Website, www.boe.ca.gov/info/miscpam.htm,

Continued on page 3

Inside. . .

View payments online
Page 2

Ask the Advocate:
Page 3

Important news for withholding agents
Page 5

Interest, penalty waivers granted
Page 9

Streamlined e-file application process
Page 9

Head of household questions answered
Page 10

Tax News

Volume 03-1 January/February 2003

TAX NEWS is a bimonthly publication of the Communications Services Bureau, California Franchise Tax Board. Its primary objective is to provide information to income tax practitioners about state income tax laws, regulations, policies and procedures.

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To view **TAX NEWS** on the Internet or to request an electronic mail subscription, contact FTB on our Website:
www.ftb.ca.gov

For information about a client's account, contact:

Tax Practitioner Support Unit
phone: (916)845-7057
fax: (916)845-6377

For recorded answers to questions on California taxes, to order forms, or to check on a refund, call:

(800)338-0505
From outside U.S. (916)845-6600

To send a facsimile about a client's account, transmit to:
Electronic Correspondence
(916)845-6377

Information Center
(800)852-5711
From outside U.S. (916)845-6500

Hearing Impaired
TDD (800)822-6268

FTB on the Internet
www.ftb.ca.gov

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Look at applied payments history using our expanded online services

We have expanded our *Check Your Account Balance*, and *View Payments You Have Made* Web services to include applied payments. For example, you can now view miscellaneous payments, bill payments, and return payments on our Website.

Please remember that some payments made within 45 days may not be reflected on the tax summary because of processing time frames.

To access these services, go to www.ftb.ca.gov/pbd/index.html. You will need your client's social security number and customer service number (CSN). If you don't know your client's CSN, you can get it at www.ftb.ca.gov/csn/index.html. Make sure you have the client's social security number and the *Overpaid Tax Available or the Tax Due*, whichever applies, from your client's original 2000 California tax return.

Invalid Zip code used on some FTB forms

According to the United States Postal Service, the 94240-0000 ZIP code we provide in some of our forms is invalid.

Consequently, we've changed all our forms containing the 94240-0000 ZIP code to 94240-0002.

This includes Forms 540, 540A, 540 2EZ, 540NR Long and Short, 540X, and 541.

Please change your affected products accordingly. Scannable Forms 540 and 540A were not impacted by this change.

Are your 2002 substitute, scannable forms FTB-approved?

If you plan to use substitute and scannable California income tax forms next filing season, be sure that the forms generated by your software program meet our requirements for substitute forms.

All companies that produce or sell substitute and scannable California tax forms must file an agreement with us stating their intent to comply with our requirements for the 2002 tax year.

By signing and submitting Form FTB 1096, *Agreement to Comply with Franchise Tax Board Publication 1098*, the company agrees to follow certain rules for developing substitute and scannable forms.

However, that's only part of the process software developers must complete to

provide you with approved tax forms. Each year, computerized tax software developers are also required to submit each of their forms to us for our approval before distributing them.

If you are unsure whether the forms you plan to use this upcoming filing season have our approval, ask your software provider to show you the *FTB Letter of Approval* for each form you plan to use, ***before you use it.***

Do not accept a general statement from the software company that all their company's forms have been approved. Instead, give your software company a list of forms you plan to use and ask them to provide you

Continued on page 3

For faster results, call practitioner hotline; don't send letters with client's return

The best way to receive specific answers to your clients' questions regarding their tax return or other issues requiring timely action is to contact our Franchise Tax Board Tax Practitioner Hotline at (916) 845-7057.

Don't attach a letter to your client's tax return. Often these letters are not answered until they have traveled through our entire return processing system and are ultimately rerouted to our Taxpayer Service Center for reply.

This can take many weeks and sometimes the letters are inadvertently filed without a reply. The only exception is if the letter provides an explanation for some information

contained in the return. In most cases, our customer service representatives can answer your questions immediately when you call our hotline. And, for those situations when you need to furnish us with additional information, you can send it to us via fax.

If you can't call our hotline, send us your question via fax. Our average turnaround time for responding to fax queries is seven business days as opposed to the 21-day turnaround time for mail sent via the postal service.

Our Tax Practitioner Hotline is open from 8 a.m. to 5 p.m., Monday through Friday. Send us a fax 24 hours a day, seven days a week, at (916) 845-6377.

Tax software companies listed on *Tax News Online*

Continued from page 2

with a copy of the *FTB Letter of Approval* for each form. Companies that either sell or provide photocopies of official FTB forms do not need to submit them for approval.

Using unapproved forms may seem like a harmless infraction but it's not.

Submitting unapproved forms can cause processing delays and in those cases where we can't process the

form, we will have to contact your clients directly in order to process their returns.

For a listing of companies that have filed a form FTB 1096 with us, go to our Website at www.ftb.ca.gov/education/taxnews/Index.html.

Look for the article entitled: *Tax forms and publications update: Are your 2002 substitute, scannable forms FTB approved?*

Power of attorney

Continued from front page

or via a hyperlink on our Power of Attorney Webpage www.ftb.ca.gov/other/poa/forms.html.

Need Help? Go to our Webpage

For immediate assistance, go to our Power of Attorney Webpage, www.ftb.ca.gov/other/poa/index.html. It provides information and a list of

frequently asked questions for submitting a power of attorney request. The contact information and filing instructions located there make it easy to file and provide the necessary forms. To get to the Webpage, go to our Official Franchise Tax Board Website, www.ftb.ca.gov, select *Tax Assistance* on the topic index on the right hand side of the page, and select *Power of Attorney*.

Ask the Advocate



Debbie Newcomb
Taxpayer
Advocate

Q: Why is a sales and use tax form in the income tax booklet?

A: While the State Board of Equalization collects use tax in California, it's been our practice to include general information about the use tax in our tax booklets as a way of helping the BOE reach these taxpayers.

The use tax is imposed by states to collect taxes on sales that do not take place in their state. The tax is meant to ensure that all applicable purchases are taxed, whether purchased from local or out of state sellers. If the seller does not charge California use tax on a particular item when it is due, the purchaser is responsible when it is due. Many Californians buy items from out-of-state businesses that do not charge California tax on their sales. And, many of these people are not aware of this requirement.

This year, for the first time, we're including the Board of Equalization's Form BOE-410-DS1, *California Individual Use Tax Return*, in our personal income tax booklets along with preaddressed envelopes. You'll find the BOE form and envelope, near the annual sales tax information. Look for it under the title: *Do you owe Use Tax?*

Continued on page 4

Ask the Advocate:

Questions about state's treatment of federal S corporations

Continued from page 3

The BOE has also solicited support from the tax preparation software industry to include general information about the use tax in their tax preparation software. With their assistance, you should have more use tax forms and publications at your immediate disposal.

Remember to consider the use tax when completing your clients' returns. If you have questions concerning the taxability of a client's purchase, contact your BOE tax practitioner liaison or visit its website at www.boe.ca.gov.

California treatment of federal S corporations

Dear Readers:

We continue to get questions from you about California's treatment of federal S corporations. California no longer allows a federal S corporation to elect to be a California C corporation. For taxable years beginning on or after January 1, 2002, all corporations with a valid federal S election are also an S corporation under California law. For taxable years beginning on or after January 1, 2002, corporations that have S corporation status for federal purposes will be treated as an S corporation for California purposes.

Below are answers to some of your frequently asked questions about the new law:

Q. My client's corporation is a federal S corporation that previously elected to be treated as a C corporation for California purposes. What issues may arise because of the S corporation's previous history as a C corporation?

A. Here are three of the most common issues that may arise from the S corporation's previous history as a C corporation:

1. Tax on built-in-gains (Internal Revenue Code (IRC) Section 1374 and Revenue and Taxation Code (R&TC) Section 23809.) A corporate-level tax is imposed on any gain that is attributed to assets or income from activity accrued while the S corporation was a C corporation. This tax is applicable for a 10-year period from the date of conversion from a C corporation to an S corporation.

2. Tax on excess passive investment income (IRC Section 1375 and R&TC Section 23811.) A corporate-level tax at the rate of 8.84 percent is imposed on an S corporation's *excessive net passive income* for any tax year in which it has accumulated earnings and profits at the close of the tax year

and passive investment income that exceeds 25 percent of gross receipts.

3. Tax on last-in, first-out (LIFO) recapture (IRC Section 1363(d) and R&TC Sections 23800 and 23802(g).) If a C corporation uses the last-in, first-out (LIFO) inventory method, the corporation will recognize the LIFO recapture amount as income on its last day as a C corporation. The LIFO recapture amount is the excess of the first in, first-out (FIFO) method over the LIFO amount. The corporation may pay any resulting tax at the rate of 8.84 percent in four equal, annual installments.

Q. My client's corporation is a federal S corporation that previously elected to be treated as a C corporation for California purposes. Can an S corporation change its depreciation method for existing assets?

A. No. The conversion (whether mandatory or voluntary) from C corporation to S corporation (or vice versa) does not allow the taxpayer to make new elections, including for depreciation. Therefore, the S corporation will continue to use the C corporation's depreciation methods for assets acquired before the conversion to S corporation status. For assets acquired on or after the date of conversion, the S corporation may use any depreciation method available to S corporations, including MACRS.

Q. May an S corporation deduct net operating loss (NOL) carryovers arising from a taxable year in which the corporation was a C corporation?

A. No. (See IRC section 1371(b)(1) and R&TC Section 23800.)

Q. Is a California S corporation subject to tax on its income?

A. Unlike a federal S corporation that is generally not subject to tax on its income, California imposes an annual tax on California S corporation income. (R&TC Section 23802). This tax is currently imposed at a rate of 1.5 percent, 3.5 percent for financial corporations, but cannot be less than the \$800 minimum franchise tax, except for (1) its first taxable year beginning on or after January 1, 2000 (2) or if its taxable year is fifteen days or less and the corporation did no business in this state (R&TC Sections 23114, 23151, 23153 and 23802(c)).

Remember, you can call our Tax Practitioner Hotline at (916) 845-7057 with your questions about the new law.

Website to provide general information about tax professional organizations

Helping taxpayers make informed decisions when hiring a tax professional makes good business sense for them, you, and us. That's why we provide information aimed at educating taxpayers about how to verify a tax professional's credentials.

Taxpayers can now come to our Website or look into a number of our tax booklets to learn more about how to check out certified public accountants, enrolled agents, and tax preparers.

Here is some of the information taxpayers will see on our Website and in some of our tax booklets:

Check out your certified public accountant

The California Board of Accountancy licenses and regulates individual certified public accountants and public accountants, as well as accountancy firms and corporations in California.

If you currently use or are thinking about using a certified public accountant, or

Continued on page 8

Withhold agents can avoid penalties by filing timely information returns

Effective January 1, 2003, we are imposing penalties on withholding agents who do not:

- File correct and timely information returns with us.
- Furnish correct and timely information statements to the payee.

If you or organizations you represent haven't filed information returns for 1999 and subsequent years, you should do so now.

Your clients can avoid penalties on those prior years by providing the information returns to us no later than January 31, 2003. To avoid penalties for information returns due on or after January 1, 2003, you must file them, correctly, by the due date.

Revenue and Taxation Code Section 18662 requires any person making California source income payments to

nonresidents to withhold California income or franchise tax if the payments are for any of the following:

- Services performed by independent contractors.
- Rents.
- Royalties.
- Sales of California real estate.
- Estate income.
- Trust income.
- Partnership income.

How to report withholding information

The withhold agent must report the withholding information to the payee and us. A four-part form is used for this purpose.

The form that must be filed with us is an information return. The two forms that must be provided to the payee are information statements.

Continued on page 6

FTB Customer service number is clients' key to privacy

Keeping taxpayer information private is one of our top concerns. In 2001 we implemented our *Customer Service Number* program as a way to authenticate the identity of taxpayers who do business directly with us. Taxpayers can use their CSN in combination with their social security number to gain access to their private information online.

The primary use of the CSN is to authenticate taxpayers who use online e-file and TeleFile. Since we entrust you to verify the identity of your clients, we do not require you to provide a CSN when you e-file their returns, except if you use FTB's 2EZ Direct e-file.)

Your clients' CSN is also their key to the entire menu of secure electronic services we provide on our Website. With their permission, it can be your key, too. We recommend you obtain their permission in writing. These services can be powerful tools for evaluating and managing your clients' tax situation.

e-file professionals:

Visit our all new Website for e-file Professionals at www.ftb.ca.gov/professionals/eservices/

Filing withholding information returns

Continued from page 5

The forms and due dates for filing information returns and statements regarding withhold at source activity are based on the nature of the transaction. The due dates for filing the information returns are as follows:

Activity	Information returns required	Due date
Independent contractors, rents, royalties, estate, or trust distributions	Form 592-B – <i>Nonresident Withholding Tax Statement</i>	January 31 of the calendar year.
Partnership distributions – Domestic partners	Form 592-B – <i>Nonresident Withholding Tax Statement</i>	January 31 of the calendar year.
Partnership distributions – Foreign partners	Form 592-B – <i>Nonresident Withholding Tax Statement</i>	The 15th day of the fourth month following the close of the partnership's tax year. If all the partners of the partnership are foreign, the due date is the 15th day of the sixth month following the close of the partnership's tax year.
Entertainers, if <u>we</u> issued Form 594 to them. Otherwise, see instructions for independent contractors, above.	Form 594 – <i>Notice to Withhold Tax at Source</i>	The 20th day following the end of the month in which the performance occurred.
Real Estate Sales	<p>For sales closing prior to Jan. 1, 2003</p> <p>Form 597 – <i>Nonresident Withholding Tax Statement for Real Estate Sales</i></p> <p>For sales closing on or after Jan. 1, 2003</p> <p>New Form 597 - <i>Real Estate Withholding Tax Statement</i></p>	The 20th day following the end of the month in which the transaction occurred.

Continued on page 7

Filing withholding information returns

Continued from page 6

Revenue and Taxation Section 19183 states that *penalties shall be imposed for failure to file correct and timely information returns, and for failure to furnish correct and timely information statements regarding withhold at source*. The amounts of the penalties are determined in accordance with Internal Revenue Code Sections 6721 and 6722. The amounts depend on the due date of the form, when the form is filed, and whether the failure is due to intentional disregard of the requirements.

Here are the various penalty amounts:

Failure to File Correct Information Return (per return)	
Form 592-B (except foreign partners)	Form 592-B (foreign partners), 594, 597
\$15 if a correct form is filed within 30 days of the due date, with a maximum penalty of \$75,000 per year (\$25,000 for a small business)	Same
\$30 if a correct form is filed by August 1, with a maximum penalty of \$150,000 per year (\$50,000 for a small business)	None
\$50 if a correct form is filed <u>after</u> August 1 or a correct form is not filed, with a maximum penalty of \$250,000 per year (\$100,000 for a small business)	\$50 if a correct form is filed more than <u>30 days after the due date</u> or a correct form is not filed, with a maximum penalty of \$250,000 per year (\$100,000 for a small business)
\$100 or 10 percent of the total amount of the items that must be reported, if greater, with no maximum if the failure is due to intentional disregard	Same

Magnetic media filing requirement

Withholding agents with at least 250 Forms FTB 592-B, *Nonresident Withholding Tax Statement*, must use magnetic media to file with us. For more information on

how to use magnetic media, get a copy of FTB Pub.1023F, *Nonresident Withholding – Magnetic Media Guidelines*. It is available online at www.ftb.ca.gov/forms/index.html.

Continued on page 8

Filing withholding information returns

Continued from page 7

Failure to Furnish Correct Payee Statement (per statement)	
Form 592-B (except foreign partners)	Form 592-B (foreign partners), 594, 597
\$50 for each statement if a correct form is not provided to the payee by the due date, with a maximum penalty of \$100,000 per year	Same
\$100 for each statement or 10% of the total amount of the items that must be reported, if greater, with no maximum if the failure is due to intentional disregard	Same

For more information or to request forms, go to our Website at www.ftb.ca.gov. You may also contact us by:

Email: WSCS@ftb.ca.gov.
 Fax: (916) 845-9512
 Telephone: (888) 792-4900 or (916) 845-4900

Telephone assistance is available from 8 a.m. until 5 p.m. Monday through Friday. We may modify these hours without notice to meet operational needs.

Website has information about enrolled agents, tax preparers

Continued from page 5

public accountant, for tax preparation or other services, the California Board of Accountancy can:

- Verify online or by telephone that the CPA, PA, or firm has a current license to practice.
- Provide information about any disciplinary actions taken against the license.
- Answer your questions about whether a particular service or activity of a license is regulated by the CBA.

- Provide you with the information and forms to file a complaint against an individual or business regulated by the CBA.

Internet:
www.dca.ca.gov/cba

Email:
enforcementinfo@ca.gov

Telephone
 (916) 263-3680
 (916) 263-3675

Mail
 California Board of Accountancy
 2000 Evergreen Street, Suite 250
 Sacramento CA 95815

Check out your Enrolled Agent

Enrolled agents are professional tax practitioners who are enrolled to represent taxpayers before the Internal Revenue Service. The federal government licenses enrolled agents. Questions or complaints about enrolled agents in California should be directed to the IRS Director of Practice at (313) 234-1280, or to the Society of Enrolled Agents at (800) 777-2732.

Check out your Tax Preparer

The California Tax Education Council (CTEC) was established to promote competent tax preparation within the State of California. Contact CTEC to find a CTEC registered tax preparer.

New law grants interest, penalty waivers to some taxpayers

When collection of a delinquent tax liability is considered uneconomical for the State to pursue, we view that account as a *high risk* account. Revenue and Taxation Code Section 19444 has given us a new and cost effective tool to resolve such accounts.

Signed into law in September 2002, this new law allows us to offer certain individual taxpayers whose accounts are considered to be *high risk* a full waiver of interest, penalties, and fees, in exchange for full and immediate payment of any unpaid tax.

The law defines a high-risk account as any account where *satisfaction of a liability would be in the best interest of the state*, and, one where we have determined that the unpaid tax liability would not be economical to pursue or

the liability will not be paid in full within a reasonable amount of time.

The legislation is designed to maintain tight control of the eligibility criteria. In order to participate, taxpayers must first receive an eligibility notice from us.

We began mailing notices to potentially eligible taxpayers in October and we will continue with the selection and notification processes through June 2003.

We expect approximately 50,000 taxpayers to participate in this program. If you have clients who you think meet the criteria, but they have not received an eligibility notice, contact our Penalty and Interest Waiver Group, at (800) 522-4144.

FTB streamlines e-file application process for 2003

We have simplified the application process for joining our e-file program.

Once you become an authorized Internal Revenue Service e-file provider, come to our Website, www.ftb.ca.gov, and fill out our one-page enrollment form. Print and fax it to us at (916) 845-0287. We will review your information and contact you within 5-7 days. That's all it takes!

Schedule estimated tax payments

When you e-file your clients' 2002 tax returns, you can schedule electronic payments for their estimated taxes through taxable year 2003. Similar to electronic funds withdrawal, your software will prompt you to enter the date and amount of the payment(s). Check with your software provider to see if they offer this feature. The withdrawal information will be referenced on your client's form FTB 8453-*California e-file Return Authorization*. We will deduct the specified amount(s) on the date(s) you indicate. If your client needs to cancel a scheduled payment, they simply need to call our Help Desk at (916) 845-0353 at least two business days in advance.

Using this option should reduce the number of phone calls and visits you get asking about when their payment is due and how much they owe.

FTB's 2EZ Direct e-file

Last fall we deployed a free, direct e-file service for the 4.3 million taxpayers who qualify to use Form 540 2EZ. We have updated it for taxable year 2002.

The benefits of this free e-file service include automatic math calculations and tax look-up, quick refunds—within 5-7 days, direct e-filing without going through a third party, and confirmation that we received the tax return.

The 540 2EZ is the state's simplest and shortest tax form. The postcard-sized paper version has gained wide appeal for its simplicity in reducing the required lines of tax information needed and eliminating several math calculations.

The initial version of 2EZ Direct was deployed in September 2002, without math or tax look-up functionality. On October 1, 2002, FTB's three-member board unanimously authorized the

addition of these features. With the additions, the electronic version can be completed in less than 15 minutes.

Although 2EZ Direct is another option for taxpayers who want to e-file their own tax returns, you can use it as well. You will need your clients' permission and their CSN in order to transmit their returns. As with traditional e-file, both you and your client will need to sign the *California e-file Return Authorization* (form FTB 8453).

Users of our 2EZ Direct get a declaration control number that confirms the return was successfully transmitted. There are only two conditions that would cause us to reject a return: a previously accepted return for the taxpayer (based on social security number) and an invalid customer service number/social security number combination. For more information on how you can use 2EZ Direct to efile your clients' returns, contact the e-file Help Desk at e-file@ftb.ca.gov.

Tax Year 2001 nonfiler notices are on the way

You've heard the phrase "Don't call us- we'll call you" right? Well, we'd like to turn that around.

We don't want people to wait for *us* to contact *them* regarding tax returns they haven't filed. But, for close to half a million individuals, that's just what will be happening during the months of January through March.

We used the more than 160 million income records we received on approximately 40 million individual and six million corporate taxpayers to see who should have filed a 2001 tax return but didn't.

Most people do "call us" before we "call them" (meaning they file on their own without being contacted). But, those who didn't will likely be "calling you" for help once they receive our notice requesting a tax return. If you have a valid power of attorney on file with us that covers the tax year in question, we'll automatically send you a copy of the nonfiler notices we sent your client.

Responding to our notices is as easy as ever. You have several options, including the Internet (www.ftb.ca.gov/INC), phone, fax, or in writing. Instructions for the different options are right on the notices.

Trim the fat from your clients' tax submissions

We receive and process approximately 4.8 million incomplete, incorrect, and unnecessary documents annually. This costs us nearly three million dollars per year to process; therefore, please remember to instruct your clients to do the following:

- Fully complete all tax returns and vouchers,
- Assemble returns correctly,
- Specify where they want their payment applied,
- Do not send us zero estimate and extension payments, and,
- Do not attach their federal return to the state return, if it isn't required.

With your help, we'll reduce this error workload during the upcoming filing season.

We have answers to your head of household queries

During this filing season many of your clients will inquire about claiming the head of household filing status.

Although many taxpayers think of themselves as the head of the house, they may not qualify for the head of household filing status under federal and state tax laws.

To qualify for this filing status the taxpayer must meet all of the following general requirements:

- The taxpayer was unmarried or considered unmarried on the last day of the tax year, and
- The taxpayer paid more than one-half the costs of keeping up the home, and
- The home was the main home for

the taxpayer and a qualifying relative who lived with the taxpayer for more than half the year, and

- The taxpayer was not a nonresident alien at any time during the year.

There are several reference sources to assist you in determining if your client qualifies for head of household. The general rules for head of household, a detailed self-test, and a definition of terms section are each available in the California 540 and 540A 2002 Personal Income Tax Booklet as well as in FTB Publication 1540, *California Head of Household*.

You can also access the same information on our website at www.ftb.ca.gov/hoh. Each of these sources also contains a section of

frequently asked questions. By reviewing these sources and using the self-test to determine eligibility, most taxpayers can avoid a later denial of their HOH filing status.

For your clients who file electronically, we highly recommend that they also file a form 4803e, *Head of Household Questionnaire*, (formerly 1540e) with their electronic return.

The Franchise Tax Board has a very active Head of Household Audit Program. Every year we send more than 200,000 audit letters to taxpayers who claim the filing status, asking them for information to verify their eligibility. By pre-filing with a 4803e most electronic filers can avoid receiving that audit letter.

Tax Practitioner Services

Tax Practitioner Hotline

Telephone 916.845.7057

Fax 916.845.6377

Personal Income Tax Collection

Fax 916.845.0494

Business Entities Collection

Fax 916.845.0145

FTB e-file Help Desk

Telephone 916.845.0353

The Tax Practitioner Hotline hours are as follows:

Monday through Friday:
8 am to 5 pm

The hotline will not be open on Saturdays and state holidays.

Here are the state holidays we will observe in 2003:

Wednesday, January 1, 2003

New Year's Day

Monday, January 20, 2003

Martin Luther King, Jr. Day

Wednesday, February 12, 2003

Lincoln's Birthday

Monday, February 17, 2003

Washington's Birthday

Monday, March 31, 2003

Cesar Chavez Day

Monday, May 26, 2003

Memorial Day

Friday, July 4, 2003

Independence Day

Monday, September 1, 2003

Labor Day

Monday, October 13, 2003

Columbus Day

Tuesday, November 11, 2003

Veterans' Day

Thursday, November 27, 2003

Thanksgiving Day

Friday, November 28, 2003

Day after Thanksgiving

Thursday, December 25, 2003

Christmas Day

Still time to order your 2002 FTB Package X

We are still accepting orders for the 2002 California Package X. We'll offer the printed version in bound and loose-leaf formats for \$14 plus sales tax.

If you did not receive a personalized order form either in your print version of the November/December 2002 *Tax News* or in the mail, go to our Webpage and download an order form. Here's how:

- Go to our Package X Webpage at www.ftb.ca.gov/education/packageX.
- Complete the order form. Follow the instructions provided. Be sure to add the amounts for your Package X and the *Tax News* orders, and apply the appropriate amount of sales tax to the Package X order based on where you live. Remember: Do not apply sales tax to the *Tax News* order amount.
- Click the submit button.
- Print the completed order form and mail it to us along with your check or money order.

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Corrections

In the July/August 2002 *Tax News*, we told you that the California Legislature passed an omnibus federal conformity package that included conformity to the new federal pension laws, retroactive to *January 1, 2002*.

We stated that the new law increased the required estimated tax payments from 80 percent to 90 percent of the current year tax and required the alternative minimum tax to be included in the computation of the estimate tax payments.

There were two errors in our article:

- 1 The operative date for this provision is actually taxable years beginning on or after January 1, 2003, not January 1, 2002.
- 2 It is not a requirement to include alternative minimum tax in the estimate payment computation.

Contact the Tax Practitioner Hotline at (916) 845-7057 if you have questions about this correction.

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The 2003 Franchise Tax Board Information Directory is now available on our website.

The directory contains telephone numbers, mailing addresses and Webpage addresses for the key programs within our organization that you use most.

To get your copy online, go to our new *Tax Professional Gateway* located on our Website, www.ftb.ca.gov. Click on the *Tax Professionals Gateway*. You'll find the directory under *Helpful Publications*. Subscribers to the print version of *Tax News* will receive their directory inside their March/April 2003 issue.

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